(f) what action has been taken against them?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) to (f) Presumably, the Hon'ble M.P. is referring the report which was published in Pioneer on the 23rd July, 1993. Reverve Bank of India (RBI) has reported that the investigation into the Parishad Cooperative Banks affairs carried out during November 17 and 18, 1992 disclose that the bank has been facing liquidity crisis and it has not in a position to pay its depositors. Registrar, Cooperative Societies, New Delhi has reported that the bank failed to repay the amount of fixed deposit even on expiry of date of maturity for a sum of Rs. 165 lakhs and also in certain cases even the pay orders issued by the bank were not honoured. In accordance with the banks customer relationship and the secrecy normally required to be maintained, the names of group housing socitties which have their deposits with the bank cannot be divulged.

The Registrar of Cooperative Societies, New Delhi, has keeping in view the relevant facts, issued a notice to the Bank under Section 32 of the Delhi Cooperative Societies Act requiring them to show cause as to why the Board of Directors should not be removed. The reply given by the bank was not found satisfactory and the Board of Directors was removed on 22.2.93.

The order of removal of the Board of Directors was challenged by the bank in the courts of law and an ex-parte interim stay was granted to the bank against the order of the removal of the Board of Directors. The matter is now sub-judice.

2586. *[Transferred to 26th August, 1993]*

Writing off mounts by Banks

2587. SHRI GOPALSINH G. SOLANKI:

SHRI SARADA MOHANTY:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that a large amount is being writing off every year by the Nationalised Banks;

(b) if so, what is the designation of officers in the banks who give sanctions for the purpose;

(c) whether those officers have to comply with certain directions and norms while giving sanction in this regards;

(d) if so, the details thereof?

(e) whether it is also a fact that permission to write-off the amounts can also be given disregarding these directions and norms; and

(f) if so, under what circumstances?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) to (f) In accordance with the statutes covering the nationalised banks as also in terms of the practices and usages customary amongst bankers, the banks do not disclose the quantum of bad and doubtful debts for which provisions are made to the satisfaction of their statutory auditors as also be amount of bad debts written off.

Reserve Bank of India (RBI) have issued detailed guidelines to all public sector banks on write off of bad debts/losses and compromise with debtors/borrowers. These guidelines identify the issues to be taken into consideration before any amount is written off by the authorities. These guidelines stipulate *inter-alia* that the authority which had sanctioned the advance in question should not write off the name. The guidelines also provide that all possible steps should be taken for recovery of the dues before deciding on write off/compromise.

Exit Policy

2588. DR. SANJAY SINH: Will the Minister of FINANCE be pleased to state:

(a) whether an expert group set up by the Finance Ministry has strongly recommended an Exit Policy to deal with the problem of Industrial sickness; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) and (b) The Government set up in May, 1993 a Committee on Industrial Scikness and Corporate Restructuring under the chairmanship of Dr. Omkar Goswami of Indian Statistical Institute Delhi, to examine varibus aspects of industral, sickness. The Committee submitted its report in July, 1993. The main findings of the Committee are given in the enclosed statement.

Statement

Summary of the report of the Committee on Industrial Sickness and Corporate Restructuring.

The definition of sickness in Sick Industrial Companies Act (SICA) are serious barriers to reorganising the un-healthy Industrial Companies because these primarily identify as terminally sick firms. We will not proceed very far in industrial restructuring unless we radically alter the form, content, and scope of SICA.

2. Board for Industrial and Financial Reconstruction (BIFR) process is very time consuming. The only operationally significant basis for BIFR should be that of being a fasttrack facilitator and, occasionally, an arbitrator. In this context, as purely short term measures, BIFR and the Government should implement some organisational changes.

3. A Sick Company's own reference to BIFR should be voluntary, not mandatory. Making the company's own reference voluntary, will reduce the number of cases that get registered with BIFR and, hence, lessen the administrative burden.

4. There is an urgent need for a criterion that allows or early detection. The new SICA should eliminate the negative net worth criterion altogether. In its place, the focus should be on incipient sickness.

5. The Government should integrate the financial and industrial sector by using the definition suggested by the Narasimham Committee Report. The definition of sickness should change to (i) defanlt of 180 days or more on repayment to term-lending institutions or (ii) irregularities in cash credit or working capital for 180 days or more.

6. There is a strong case for having SICA override Foreign exchange Regulation Act (FERA).